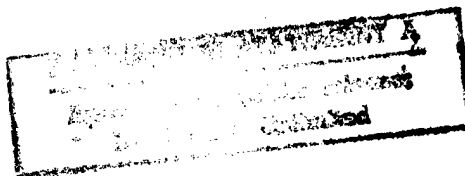


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8 November 1982



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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2335



FOREIGN BROADCAST INFORMATION SERVICE

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CONTENTS

CZECHOSLOVAKIA

- Reason for Central Village Committee System Explained
(Antonin Elias; HOSPODARSKE NOVINY, 17 Sep 82) 1

POLAND

- Need for Cooperative Planning Emphasized in Interview
(Czeslaw Bobrowski Interview; ZYCIE GOSPODARCZE,
5 Aug 82) 8
- Long-Range Industrial Production, Materials Shortage Discussed
(Krzystof Fronczak, Janusz Ostaszewski; ZYCIE
GOSPODARCZE, 26 Sep 82) 15
- Special Currency Exchange Rate Tables Published
(TRYBUNA LUDU, various dates) 31
- Exchange Rate Table 42/82
Exchange Rate Table 43/82

ROMANIA

- Repairs, Spare Parts Supply in Jiu Valley Mines Decree
(BULETINUL OFICIAL, 4 Sep 82) 33

YUGOSLAVIA

- Foreign Trade in Agricultural-Food Products
(M. Urosevic; PRIVREDNI PREGLED, 28 Sep 82) 37
- Harvest Results in Kosovo
(M. Delibasic; PRIVREDNI PREGLED, 28 Sep 82) 39

Agricultural Shortages in Kosovo	
(PRIVREDNI PREGLED, 28 Sep 82)	41
Fall Planting in Kosovo	
(PRIVREDNI PREGLED, 8 Oct 82)	43

REASON FOR CENTRAL VILLAGE COMMITTEE SYSTEM EXPLAINED

Prague HOSPODARSKE NOVINY in Czech 17 Sep 82 pp 1, 6

[Article by Eng Antonin Elias, staff worker, CPCZ Central Committee]

[Text] The societal, social and economic transformation taking place in our society is also accompanied by gradual changes in the movement of population. A permanent characteristic today is a growth in the number of people living in medium-sized towns. Only one-third of our population live in rural areas (it was one-half in 1950). This process has been characterized among other things by the merging of villages and national committees which, as organs of state administration, are responsible for the economic and social development of territorial districts.

As early as 1980 the Presidium of the CPCZ Central Committee and the two levels of government discussed and approved principles for improved effectiveness of work of the national committees in central villages. These principles were based primarily on a demand that the national committees in central villages improve their work but also on the need to expand their jurisdiction by including additional tasks carried out so far by district national committees. It was necessary to assign new tasks to the national committees in central villages in order to strengthen their influence in the development of territorial districts.

A need was emphasized to consistently and responsibly guide this development on the basic level, create material and cadre prerequisites in selected central villages in such a way as to gradually make them a basis for social, economic and cultural development of the territory.

Hence, even before the 1981 elections the number of national committees was stabilized and attention was concentrated on the implementation of measures permitting them more effective functioning and improvement of their work. In the subsequent elections the necessary number of deputies were elected. Even in the selection of candidates attention was paid to greater demands as far as the new national committees were concerned. The newly established organs of the national committees in the central villages were put together with an eye to the approved principles. Attention was given to completing appropriate legal regulations and equipping the central villages' national committees with the necessary means.

A basis for the successful realization of the principles for improved effectiveness of the national committees in the central villages was not only a creation of necessary organizational, material and cadre prerequisites. In order to transfer necessary jurisdiction, it was also necessary to create prerequisites for the changes in law. The Sixth Plenum of the CPCZ Central Committee, which thoroughly discussed the problems of the work of the national committees, evaluated the correctness of the adopted measures, confirmed them, and the legislative bodies then adopted the necessary legislation which fully opened the door for the realization of the changes. The law which changes and amends the law on national committees and regulates the jurisdiction of local national committees in the central villages became effective 1 July 1982.

To implement the approved measures is the task of the functionaries and staff workers of the national committees. This applies to the central villages but also to district and kraj national committees. The main principle is the fact that the people in the villages must concretely understand that this is not a case of some internal reorganization but a real strengthening of the role and jurisdiction of the national committees in the central villages. This must be demonstrated in better satisfying the needs of our people, in a more flexible attitude in dealing with their affairs, and in better care of the environment.

The most important principle of the above measures is the expansion of jurisdiction of the national committees in the central villages which is primarily directed at the level of public administration. The idea is to especially improve the work of the state administration and bring it closer to our people. Basically we have in mind to have the citizens take care of their own affairs at their national committees, without traveling to the district town.

Expanded jurisdiction affects most sectors of state administration. As far as individual citizens are concerned, the most significant measures are perhaps those in the area of territorial planning and construction. The national committees in the central villages act as building offices and issue, in accordance with the Construction Law, zoning decisions, building permits and building completion approvals. They also grant building subsidies, perform a state construction supervisory role, carry out expropriation measures and are engaged in a number of other activities.

Activity in the area of social security has also significantly increased. Now, the national committees in the central villages supervise social security payments, make decisions in a number of supplementary aid and relief funds, especially to pensioners, and decide on granting money allowances and material help to families and children. They carry out supervision over children and fulfill various tasks in the coordination of the activities of organs caring for families and children.

In the sector of agriculture, for example, the national committees take care of the registration of land and take measures for its utilization for agricultural production. They offer their opinion on the issuance of

permits to the Uniform Agricultural Cooperatives to engage in related production activities; they also discuss violations of the rules. In the sector of trade and supply, they approve store hours, and the temporary closing of stores and carry out state trade control. The national committees in the central villages have also jurisdiction in the sectors of transportation, water management, housing, public order and fire prevention.

In order to fully ensure the expanded execution of state administration by the national committees in the central villages, it is at present necessary to create cadres of qualified workers. The main goal is to bring the organs of state power and administration closer to the people and their needs. For this purpose, the national committees must solve concrete problems of territorial districts in a matter-of-fact way and on the basis of objective knowledge. For this reason, the efforts deployed by the specialists of the national committees to be very close to the people, to know their problems and be able to properly solve them, are justified. However, the composition of the apparatus of the national committees is still not up to these tasks.

The principles of systematization of the apparatus enabling the central villages to acquire the necessary personnel to secure increased tasks are part of the adopted measures. The compensation system includes built-in conditions for improving material incentive. At the same time, we have adopted a principle according to which we are not creating a new apparatus, but reassigning personnel while further reducing the overall number of employees of the national committees.

Experience so far has shown that the strengthening of the apparatus of the national committees in the central villages is not the decisive factor. What counts is the improvement of the personnel's qualifications. Thus, we rightly emphasize the demands on cadre work, because the workers of the national committees in the central villages must have the necessary political maturity and technical qualifications.

If we talk about the enlarged jurisdiction of workers of the national committees in the central villages it is necessary to emphasize that we cannot achieve the improvement of their work without reducing administrative demands on them. In many cases, the complexity of administrative procedure is already involved in the implementing directives and regulations issued by the central offices. For this reason, the government has adopted measures primarily reducing the number of statistical reports that lower organs are to supply. The approved program also anticipates other proposals whose aim should be to simplify administrative procedures in the construction sector as well as in other areas. This is a path which will substantially contribute to the improvement of work of the national committees in the central villages.

However, the national committees, especially on the kraj and district levels, should themselves aggressively simplify their administrative agenda. Too many directives and instructions lead to the limitation of initiative in the lower level national committees, weaken their jurisdiction and separate them from real organizational work among the people. On the other hand, an

administratively demanding method of management results in the weakening of planning and coordinating activity. Simplified administration and improvement of work in the entire system of the national committees are necessary prerequisites for increased effectiveness of the work of the national committees in the central villages.

Complex Development of Zones

It is the task of all national committees to see to the multifaceted development of the areas under their jurisdiction. At present we are witnessing increasingly the need for a more effective utilization of human resources and careful management of our assets. To make sure that the national committees more effectively influence complex social and economic development we must broaden and strengthen their jurisdiction.

The central villages must understand that it is beyond the realm of social possibilities to build civic facilities which would create material prerequisites for achieving a socialist way of life in all settlements. Such construction places high demands on social resources whose full and effective utilization is possible only at the level of larger territorial units.

Hence, the jurisdiction of the national committees in the central villages has been increased in the sector of economic-organizational activity as well. Their role in zonal planning, especially in matters of investment allocations and environmental protection, has been strengthened. Also, we are witnessing an increased influence of the national committees in the housing sector, the creation of civil and technical services and in the development and regulation of the settlement network. The plans of construction investment, including the "Z" program, give priority attention to the creation of civic and technical services in the central villages. This does not mean that we try to suppress settlements and life in small villages. The latter play and will play their own role in the future.

The influence of the national committees and their coordinating function have been further increased in the higher level national committees and other superior organizations within the territorial district. The national committees in the central villages promote and comment on the concepts of development of the district, comment on the drafts of implementation plans, influence cadre policy in the workshops, insist on the participation of organizations in securing the tasks of development of territorial districts and see to it that any violation of socialist legality, societal interests and citizens' rights are remedied.

The national committees in the central villages will have at their disposal large sums of money and their share in the overall volume of the budget of the national committees at all levels will increase.

The aim of the concentrated activity of the national committees in the central villages will be to transform the central village gradually into a base to render social services and paid services to the people of the entire

district. In order to achieve this goal, the central villages must gradually build civic facilities and services.

Paid Services

Experience shows that in the economically developed centers of industrial and agricultural production the concentration of settlements lags behind the development of manpower. At the same time, we often disperse our investments in a wasteful manner among a large number of small villages. This is also reflected in the structure of civic facilities and, from the point of view of their number, types and capacities, the relatively highest level can be seen in the small villages.

It is expected that the central villages will become a real center for the entire district under the jurisdiction of their national committees. As far as the administrative aspect is concerned, there are prerequisites for such a situation. The national committees will build civic facilities in accordance with the complex plan of development. It is very important for the national committees to start in this respect by objectively understanding the existing situation. In order for the national committees to fully develop their services and facilities they must fully utilize the existing facilities. From the point of view of the societal interest, it is imperative to effectively manage land, conserve energy and seek permanent savings in operational costs.

A series of positive experiences shows that the alternative of merging means and activity and consolidating the functions of individual facilities and their multifaceted use are more effective and faster than burdensome and costly investments.

The national committees in central villages which will play a decisive role in the improvement of civic facilities must fully respect the above facts, objectively prepare and gradually implement complex development plans and contribute to satisfying the needs of the rural population.

The national committees in the central villages will play a constantly larger role also in the development of paid services. This is required by the growing demands and needs of the people. Rural inhabitants spent 3 percent less of their income on services than is the case with city residents. At the same time, it is generally known that the generally deficient situation in satisfying the needs of the population in this sector is a consequence of bad management, heavy administrative demands, and the inflexibility of enterprises and organizations which often deviated in their activity from their mission to provide services to our people and preferred easy profits. The national committees in the central villages must strive to improve the situation in this respect. The principles of more efficient management and more flexible availability of paid services, adopted not long ago, together with enlarged jurisdiction, give the national committees enough elbow room to develop initiative.

In addition to the simplification of the system of management and planning, the national committees, in order to secure the proper functioning of services, have a possibility to fully exploit small workshops and establish them primarily for a more flexible performance of handicraft and repair services. The national committees in the central villages are establishing service centers, joint collection centers and purchasing offices for various organizations. They are also creating prerequisites in which industrial, construction and other enterprises, and agricultural cooperatives and other organizations can offer different kinds of work to the inhabitants. Within the framework of the cooperative system, the national committees are establishing, according to need, small cooperatives and combined work units, for example, for roof repair, water installations, electrical wiring, heating and repairs of various kinds.

In order to better utilize local manpower, the national committees are trying to persuade service enterprises to hire partially handicapped persons, retirees and students. Also, the broader use of do-it-at-home work to provide basic employment and the issuance of permits to individuals to carry out such activity represent a means through which the central villages can achieve the full utilization of local resources. At the same time, this is a solution which brings about immediately improved services and does not require any new investments. This is the most important contribution of the national committees in the central villages.

Political-Organizational Work

If the central villages are to gradually become a base for offering services, a center of administration and a center for further social and cultural development of the entire neighboring area, then it is imperative for the higher levels, i.e., the kraj and district national committees, to pay the necessary attention in their managing and control activities.

However, the decisive role will be played by the national committees and their deputies directly in the central villages. To constantly oversee the complex development of the area, to secure the needs of the population--these are tasks which the national committees will not master without consistent and high-level efforts in close cooperation with the citizens, considering their worries and interests.

In the area of political-organizational work we expect that especially in the central villages we shall see an improvement in the relationship between the national committees and the people. Through deputies, civic committees and other aktivi and in cooperation with social organizations associated in the National Front and in the application of the leading role of the party it will be primarily the elected organs, namely, plenary meetings, the council and various commissions of the national committees which will play a decisive role in the life of the villages. We will also see increased participation of aktiv organizations, especially agricultural plants and cooperatives, in the life of the villages.

The broadest participation of citizens in the activity of the organs of the national committee and consistent implementation of the enlarged jurisdiction of the central villages--these are examples of concrete development of socialist democracy in practice. Through gradual improvement of the activity of the national committees in the central villages the resolutions of the 16th CPCZ Congress are carried out.

1277

CSO: 2400/4

NEED FOR COOPERATIVE PLANNING EMPHASIZED IN INTERVIEW

Warsaw ZYCIE GOSPODARCZE in Polish No 33, 5 Aug 82 pp 1, 4

[Interview with Professor Czeslaw Bobrowski, Chairman of the Consultative Economic Council by Karol Szwarc]

[Text] "Let's plan together" is the overall title which we intend to give our discussion of the proposals for the three-year plan. All social and economic goals have been presented in this plan in a number of variants, not only because this is in accordance with the law on planning but also because consultation with society and with experts constitutes one important way of integrating various strata and groups in order to increase our efforts to bring our country out of the crisis. We are opening our pages for a broad exchange of views.

Karol Szwarc: Professor, about two months ago the Consultative Economic Council presented its position concerning the initial version of the three-year plan. Does this mean that it will no longer concern itself with this issue?

Czeslaw Bobrowski: Already at that time, during the course of a long discussion, we came to the obvious conclusion that this initial exchange of views was only the first step in the Council's adopting a position in relation to the three-year plan.

Since this discussion, the Council has been doing a little. Individual groups have been concerned with problems relating to the plan. Now this has to be put in order and amplified. We are bound to present our opinion to the government by the end of September. I think this is a very difficult task. Just as difficult as was the construction of the initial plan draft itself.

K.S. Where do you see these difficulties?

C.B. As far as both the Planning Commission and critics are concerned, the difficulties derive from insufficient knowledge about social and economic reality. This is caused by, among other things, inadequate information concerning the scale of the changes which have taken place in people's attitudes during the last two years. As far as economic forecasts are concerned, on the other hand,

these are burdened by uncertainties which have emerged not, as usual, during the last but during the first years of the plan period. Finally, in the immediate future an important part will be played by factors which are extremely difficult to quantify--innovative and effectiveness-increasing attitudes.

K.S. But aren't these also a consequence of the reform?

C.B. Of course. The break-up, thank goodness, of the ministerial and branch aggregates, perhaps not as far-reaching as we would have hoped and liked, led to an enormous differentiation of systems and modes of functioning among individual enterprises. The use of branch averages was obviously dangerous but fairly comfortable. We could be satisfied with this because we didn't have such large differences within branches as we have today.

K.S. What else remains unclear?

C.B. The new system of functioning was based on assumptions which have turned out to be only partly correct. As a result, we are applying makeshift solutions. The operational programs are a classic example. They have become something quite different from what they were intended to be. In putting forward this idea, we assumed that it would involve five or six narrowly defined projects. Meanwhile, we now have a dozen or so and they are extremely broad. It is intended that we withdraw from such an expanded scope but for the moment these broad programs continue. They have created an unforeseen situation and we have to become familiar with it.

The scale on which imports declined exceeded the bounds of what everyone expected. I myself played the role of Cassandra on the pages of the press but I must confess that I, too, had illusions. At the same time, hard-currency imports fell to an unimaginably low level. The full consequences of this are very hard to evaluate.

K.S. Well, how do we go about finding out what the real situation is, then?

C.B. We have to go about this through questionnaires, opinion-polls, and conversations. People talk generally about supply problems when it's a question of imported raw materials. From fairly superficial questionnaires we have received an interesting indication that there are very many enterprises where it is not imports of basic raw materials but small components which cause a bottleneck. In other words, in some cases the obstacle is trifling but it functions as a great impediment.

Some people think that enterprises have made themselves "comfortable" at a certain level of production and don't display any inclination to increase it, despite the fact that they are guaranteed supplies. I consider this an exaggeration. It may be true in relation to some enterprises, but we really don't know just how many. I suspect very few.

K.S. In other words, our information about the matter is, in your opinion, inadequate?

C.B. Yes, and we're not speaking now about the question of attitudes where information is even more difficult to get.

K.S. Doesn't this have an effect on the boldness of the conception?

C.B. Of course it does. But what's worse, it also has an influence on the quality of conceptions which are none too bold. And from this we have to draw conclusions. I think that the process of social and expert consultation should not come to an end on 30 September. Perhaps I am mistaken, but I think that we shall know far more about some problems in a month's time. We shouldn't fall into the trap of closing off our planning options too soon so that, as result, we are forced to revise them quickly. It would be better to let this three-year plan mature a little more slowly.

K.S. I've come across the view that the three-year plan is basically a prediction.

C.B. That doesn't matter. Predictions can prevail on condition that they are based on sufficiently strong forecasts. Besides, it isn't always possible to base final decisions on them. This means that fundamental planning decisions demand constant verification and further concretization.

K.S. There have also been complaints about the plan being presented in a number of variants.

C.B. In general, it can be said that drawing up a number of variants may contain an element of manipulation. The planners usually present three possibilities, choosing one of them in advance and simply presenting the other two as window-dressing. We have to take care, then, that the different variants don't lead us down the wrong path.

I have no doubts when it's a question of choosing, for example, between increased current consumption and housing, between increasing individual or collective consumption. These questions really do lend themselves to public discussion and should be the subject of choice on the part of society, although it shouldn't be forgotten this is often in conflict with macro-ratios.

K.S. What are you warning us against?

C.B. In the three-year plan we have three variants: basic, optimistic, and pessimistic. They have been compiled, above all, under the influence of external constraints. In all probability the authors of the plan would be able to tell us approximately how they arrived at these variants. The reader, though, doesn't know, and I'm afraid that, if pressed to the wall, the planners would confess that they had simply taken some hypothesis concerning propitious and unpropitious circumstances. The same goes for other uncertainties, beginning with the harvest and finishing with attitudes.

I would have preferred the plan to be limited to a single basic variant containing some kind of conception, some kind of assumption. This would have to be accompanied by fairly concrete information about fears and hopes as well as

the fairly concrete deviations which can arise during the course of plan implementation.

K.S. Is it, though, really possible to identify uncertainties and threats so precisely?

C.B. I consider that both threats and uncertainties are on the same plane, because threats are a specific form of uncertainty. And the matter is of exceptional importance.

K.S. You probably have in mind external threats.

C.B. Not only them. But let's begin with this. This is an enormous source of uncertainty. We are all asking whether the scale of export growth assumed in the plan is possible to achieve. I don't see any reason, in the text of the plan, to reply positively to this question. I would also consider a negative reply to be arbitrary.

It's possible to say, on the other hand, that world forecasts assume a low increase in turnover in international trade during the next three years. A low rate of economic growth, and sometimes even stagnation, is also forecast. This concerns both the developed countries and the Third World. Our assumptions regarding an increase in exports of a dozen or more percentage points does not, then, coincide with a propitious phase in the world economic situation.

Simultaneously, the number of countries considered to be insolvent on the credit market is increasing. There are now a dozen or so such countries. Some large American corporations are also insolvent. For example, International Harvester has debts equal to two-thirds of Poland's and is arranging a moratorium.

K.S. What significance does this have for us?

C.B. I am not absolutely certain of my assessment of this issue. On the one hand, the existing world situation should incline the credit market to treat in a kindly manner a debtor who wishes to repay his debt, even if over a long period. But, on the other hand, the burdens on the world credit market, caused by the manipulations of debtors, including our own firms, are so great that my knowledge is insufficient to allow me to formulate predictions. I wouldn't risk the statement that the current world situation will either facilitate or hinder our attempt to solve our debt problems. Therefore we still have to wait and see whether the hypotheses assumed in the basic plan variant is correct.

K.S. And what about internal threats or uncertainties?

C.B. The basic characteristic of the three-year plan--if we're talking about its substance and not its form--is that it stakes everything on so-called factors of intensive growth. It clearly assumes a small increase in investment, stagnation--and in some cases even decline--in employment, increased

productivity, structural changes to encourage an improvement in effective use of resources, and a real intensification in scientific progress. And here we have to choose between hoping in vain and lack of faith. We have to accept that every choice involves some kind of risk and some kind of hope. And this risk and this hope ought to be written into the plan but with the fullest possible verification of the realistic nature of the assumptions concerning this intensification.

K.S. Professor, let's consider one of these issues first. For so many years we have experienced the fact that, regardless of what science actually achieves, we have problems in translating these achievements into practice.

C.B. I'm unable to assess how much science is able to give us. I do know, however, that there is, on the one hand, a strong tendency to overestimate and, on the other, to underestimate its capabilities. But one thing is certain--and here you are right--the transmission from science to industry is very bad. This should change. Are there already any signs of such changes? I don't think so. In any case, I would be surprised if they suddenly appeared.

And here my doubts begin. I don't believe that we have succeeded, with the help of conscious policy and with the help of reform mechanisms, to bring about a situation where the input of science will begin widely to bear fruit during the next three years. For this, more time is needed. If we think about the year 1990, then naturally my doubts are fewer.

K.S. And investment?

C.B. There can't be any progress in effectiveness without some kind of material outlays. Organizational changes can't be treated as though they involved no investment at all. It's not necessary to reach immediately for large, new projects; they may be only outlays for renovation or relatively small investments to eliminate bottlenecks.

When we look at the structure of investment, at the burden of outlays, at the housing and food-production sectors, and at the completion of many centrally-planned projects inherited from the past, then I fear that there might not be enough for those investments designed to increase effectiveness. I don't want to draw an extreme conclusion from this. I consider, rather, that we should defend these sectors, but let's check whether it isn't possible to give certain priorities to this investment designed to increase effectiveness.

K.S. In what way?

C.B. For example, through additional central financing for factories which are in a position to undertake ventures which save energy. The French have done this successfully.

K.S. During the meetings of the Commission on Economic Reform you put forward the idea of, for the time being, not planning for a period longer than a year. Do you still hold this view?

C.B. Yes, in the sense that I think that it would be better to wait another year so that we could construct a mid-term plan in more stable conditions. But I think this is both politically and administratively impossible. In which case, it's necessary to draw conclusions in relation to both the method of planning and the method of revising planning tools. There ought to be a feedback mechanism between the plan and the reform, and a modification of one ought to lead to a modification of the other. In comparison with the first version of the plan, the part of the one which has been presented for public discussion which deals with planning tools has been substantially enriched but still needs further improvement.

K.S. Looking at the plan from this point of view, its weakest side is incentives.

C.B. This really is still one great uncertainty. Everybody raises this question. If we understand the incentive system as a stimulus to effort on the part of enterprises and individuals, it can't be constructed if wages are stagnating. And here we have to face a contradiction that is very difficult to resolve. No incentive system can function effectively in bad market conditions, with empty shelves. To balance the market, to avoid anticipatory purchases, you need an anti-inflation program. But the increase in real wages and the possibilities of manipulating minimum wages are very limited.

K.S. Is there really nothing that can be done?

C.B. Very generally, I can say that we have to pay for the future. Paying today simply threatens us with a further breakdown of the market. Perhaps some kind of bold promotion system would be effective?

K.S. The plan envisages that one of the most important guarantees that the goal will be reached is the issue of socio-political attitudes.

C.B. I feel myself exceptionally ill-equipped in this respect. And this isn't because I've spent a long time abroad. It's also because I'm over 80 years old and I'm therefore far removed from the reactions of young people who have a different attitude towards the world, to the state, to discipline, to free time, than people of my generation. At the beginning of the year I told you that our independence in 1981 was for me a gift from God. The younger generation experiences the state as a Leviathan.

Certainly, then, I am unable to say when and how we will extricate ourselves from the present situation. We can ensure calm. However, it's a question of ensuring that this calm is a creative and not a dead one. The lack of calm, even a dead one, would undermine the hopes and assumptions of the plan. But only a creative, dynamic calm can become the motive force of the plan. This is, thus, rightly written into the plan. Only this is not just a question of the plan but a much broader issue.

K.S. Thank you, Professor, for this conversation.

C.B. I would still like to add something.

K.S. Please do.

C.B. If we were to have this discussion in a month's time, I would certainly not say the same things that I have today. I think that after a month's work of the Council, we shall be able to narrow down some areas of uncertainty.

K.S. Once more, thank you, Professor.

9993

CSO: 2600/924

LONG-RANGE INDUSTRIAL PRODUCTION, MATERIALS SHORTAGE DISCUSSED

Warsaw ZYCIE GOSPODARCZE in Polish No 36, 26 Sep 82 pp 1, 3, 4, 5, 6, 7

[Discussion reported by journalists Krzysztof Fronczak and Janusz Ostaszewski: "Materials Shortage"]

[Text] By the year 1990 we can obtain a 40 percent growth in industrial production, but the supply of materials can only grow by 19 to 20 percent. Half of the possible increase in production must therefore be obtained from economized materials. We invited representatives of the center on managing the economy, directors of enterprises, and scientific representatives to a discussion of this prediction. Those participating in it were Waldemar Bednarek, chief specialist and deputy trade director of the Wola ZMiN PZL [Wola M. Nowotko Mechanical Plants of the Polish Aviation Plants]; Wlodzimierz Hausner, undersecretary of state in the Office of Materials Management [UGM]; Romuald Kasowski, the economic director of the Polish Optical Plants; Mariusz Kukielski, chief specialist of UGM's Department on Efficiency in the Utilization of Materials; Ryszard Rogoziewicz, director of the Materials Management Group in the Planning Commission; Jerzy Siczynski, technical director of the Hydomat FPSiT [expansion unknown]; and Czeslaw Skowronek, director of the Institute of Materials Management. The discussion was conducted by Wlodzimierz Hausner.

Hausner: The strongest check on economic development in effect at present is the excessive energy- and materials-intensiveness of the economy. One cannot even think of economic development in Poland being as materials-intensive as it has been thus far. If we do not succeed in changing this, we will not only not surmount the crisis, but we will even intensify it. All available means of exerting influence should thus be concentrated on matters associated with a more efficient consumption of materials. I propose that in our discussion we attempt to formulate answers to the following questions: will the new economic mechanism promote an increase in the efficiency of the utilization of raw and other materials, and energy? What

will induce enterprises to make their consumption of materials more efficient, and what will hinder them in this? What segments of the mechanism should be perfected, and in what manner, so that the enterprises and plants will be interested in using energy and materials efficiently?

Diagnosis and Therapy

Skowronek: It would be a good idea to start by describing the illness and indicating the reasons for it, since it appears from these reasons that the therapy, although possible, will be neither easy nor brief.

The efficiency of the utilization of materials in our economy is very low, lower than in the socialist countries, and considerably lower than in the capitalist countries. The individual examples of beneficial changes, such as we have obtained in previous years due to initiation of the production of articles under license, do not change the overall picture. The energy-intensiveness of the national income in Poland is 2 or even 2.5 times greater than in the highly developed capitalist countries. In regard to materials-intensiveness, it is difficult to make use of a comparative index alone. A comparison of the consumption of the basic materials--cement, steel, etc.--for the production of a unit of national income in Poland and in the developed capitalist countries also turns out to be very unfavorable for us. Why are we so wasteful?

In the first place, extensive factors have predominated throughout the entire postwar period of economic development. The growth of production took place due to an increase in fixed assets, employment, and the consumption of materials. In the 1970's, the index for the consumption of fuel and materials for a 1 percent increase in the national income was 0.8 to 0.9 in Poland, whereas it was 0.6 in the European socialist countries. The extensive type of development led to excessive materials-intensiveness.

In the second place, in spite of many attempts, we have not been able to reform the mechanism of the functioning of the economy. This has intensified the negative consequences of extensive development. Throughout the entire period, gross measures of production have been in force, as well as material incentives for the work force that were based on them. Enterprises have thus been forced into very materials-intensive production.

In the third place, both the structure of industrial production and the specializations formed have led to an excessive consumption of materials.

In the fourth place, scientific and technical progress have not been oriented toward economizing on materials, but rather toward economizing on direct labor. In the 1960's and 1970's only a fourth of the research topics dealt with efficiency in the utilization of materials. The rest--especially work undertaken and financed by enterprises--was aimed at searching for ways to economize on direct labor. This was a result of the limitations on employment and the wage fund. As a result, this led to excessive co-production, since the least possible labor-intensiveness was rewarded.

Rogoziewicz: It should be added here that the crisis phenomena that have occurred in our economy since 1980 have an unfavorable effect on the efficient utilization of raw and other materials in individual industries and branches, including mainly [the utilization of] fuels and energy. The fall in industrial production has been considerably sharper than the decrease in the consumption of coal, gas, electrical energy, and liquid fuels in industry and construction. This indicates a further deterioration in the indices of energy- and materials-intensiveness recalculated for a unit of production. In order to illustrate this phenomenon, it is worth while to point out that while in 1980 the energy-intensiveness of the national income generated amounted to about 37,000 tons of standard fuel for 1 million zlotys in income, it was already 39,000 tons in 1981, and this year it will reach the level of about 42,000 to 43,000 tons under comparable conditions. This is a result of the fact that the so-called idling or underutilization of production capacity frequently requires meeting the full energy requirements.

Hausner: Since we have such a materials-intensive economy, the chances for obtaining large savings are all the greater. We have something to economize on and somewhere to do it.

Skowronek: That is true. Today we are beginning to do what our neighbors have been doing for a long time now. The 1970's unfortunately strengthened the wasteful type of development, in spite of the investment boom, while in the European socialist countries about half of the industrial production was already obtained at that time from economized materials. In the 1980's there has been a virtual stabilization of the consumption of fuel, energy, and materials in those countries, but at the same time, as for example in East Germany, a 25 percent increase in production is planned.

Hausner: In your opinion, what activities are necessary in order to make use of the existing possibilities?

Skowronek: Possibilities are not automatically transformed into results. The main sources for economizing on materials lie in changes in the structure of production in favor of the subsectors economizing on materials. The next sources are intensive innovation activity directed toward efficiency in the utilization of materials. Finally, there is the entire sphere of economic policy and the mechanism of its operation. Both have to exist in such a form that the changes which we need and which are necessary will be attainable. The mechanism and policy of the state are the instruments which have to support and elicit activities directly in the sphere of the technology, organization, and quality of production. The sum of these activities can allow us to begin to overcome the materials shortage only slowly.

Hausner: This must surely also be understood by the central planner whose prediction we are discussing.

Rogoziewicz: Improving the efficiency of management, especially in the sphere of material production, is a basic condition for achieving the social

goals that were outlined in the draft National Socioeconomic Plan for the period until 1985 and for the years 1986-1990. Activities in two directions at once are essential in order to obtain an improvement in the efficiency of management.

In the first place, a fundamental improvement in the efficiency of management in enterprises, which should be achieved through consistent implementation of the economic reform, especially broader use of the incentive funds encouraging efficient and economical use of raw and other materials; and in the second place, an improvement in the efficiency of production on a national scale by concentrating efforts on obtaining essential changes in the structure of production and the allocation of resources for development, including the national raw materials base, and more efficient and economical consumption of fuels and energy.

One ought to put the dot on the "i" here. In addition to the necessity of obtaining half of the increase in production from economized materials, we should recall that this increase is strongly affected by the slight increase planned in the extraction of hard coal, the basic energy source in our country. Investments in coal mining will in principle allow us to compensate for the expected decline in mining capacity.

A deficit will also occur in imported liquid fuels (crude oil), and furthermore the deposits of gas, especially high-methane gas, which are being exhausted, are growing smaller.

As one can see, the limitations on an increase in production are very strong. On the other hand, as we have already pointed out here today, we have enormous sources of reserves.

I would also like to add in addition that, for example, an analysis of the indices for about 140 industrial products observed during the period from 1970 to 1980 indicated a decrease in consumption in only 40 cases, and no progress was made in the manufacture of the rest of these products, in the area of economizing on materials.

Furthermore, the extent of the utilization of steel observed in the production of about 50 products of the machinery industry has indicated that in most cases the utilization of this expensive material has been at a level of about 50 percent, i.e. half of the steel used for the production of machines and equipment has come back to the steelworks in the form of waste materials and scrap. It is thus possible to state that in our plans and predictions the main source for improving the efficiency of management in enterprises should be reducing the unit consumption of raw and other materials and of fuels and energy.

Skowronek: Surely something also remains to be done, however, by the center for the management of the economy, at least in the area of investment policy.

Rogoziewicz: At present the center has a considerably weaker capability for directly influencing the economic process; this is after all a result

of the reform. Only a fifth of all the resources are designated for central investments in the plan. Its effect on structural changes is thus fairly limited. The mechanism must force these changes, however, and it should be improved for this purpose, which is obviously a task for the center. It should take the initiative in proposing economic policy and improvements in the instruments for achieving these goals. The rest, however, lies in the hands and heads of the people from the enterprises. Of the initiatives recently put forward, the center wishes to cite the draft Council of Ministers resolution presently being discussed, which was prepared by the UGM; it outlines the government's program for conserving materials in the economy. A great deal will depend on its proper implementation.

Bednarek: Does everything really rest in our hands? This is only a half truth. The enterprises do not organize themselves, and they do not, for example, regulate the material supply system, which is seriously deficient, in spite of the continuation of distribution. For example, today I cannot finish the assembly of a high-compression engine just because Metalzbyt is no longer engaging in the sale of spring washers, and is sending me to the producer, who can sign a contract with me, but does not have to at all. These apparent trifles--industrial seals--are keeping us awake at night, and if we don't do something quickly, this will be bad. Not only will we not obtain the 40 percent, but there will not be any increase in production at all. I have a very high opinion of autonomy, but it has to be directed somehow and regulated. We cannot have nails produced only for export, as a result of which my plant cannot export engines, since we do not have anything to use to nail together crates for them.

We are not a typical plant. We produce our products under license and we have relatively quite a lot of experience in regard to more efficient consumption of materials. While the possibilities are great, the rest does not depend upon us, however. If the Batory Steelworks sends us forgings weighing 15 kilograms, from which a finished element weighing only 8 kilograms is produced, this is obvious nonsense, resulting in colossal losses in materials, energy, and human labor.

Skowronek: It is difficult to be surprised at the steelworks, since until last year its production was calculated in tons and its economic results depended upon the number of tons produced.

Bednarek: Nothing will change now either, unless it is properly equipped and modernized.

Skowronek: Rather, unless it modernizes itself.

Bednarek: I agree, but the center has to be aware that economizing on materials in the plants is dependent upon technological innovations in the steelworks. We have to calculate which will be more profitable--spending who knows how many thousands of dollars on the modernization of the steelworks and producing light forgings, or continuing to spend dollars and zlotys on producing chips. This should be known and guided by the center.

It will only be possible to reduce materials-intensiveness through truly guided technical progress and an investment policy that is consistent with it. Without investing in modernization, we will meet here in a few years and we will be able to tell each other the same things that we are saying today.

Skowronek: If you will excuse me--that is the role of science, if I may generalize. It is a question of having the investments, which will be made from the modest funds that are allocated for them, directed toward economizing on materials, not increasing the production of them. Only then will technical progress and investments support increased efficiency in the consumption of materials. Our entire investment policy should be directed in this way, along with credit and import policy. This really should be ensured by the center. It will not be able to do everything for the enterprise, however. The enterprise is the one that has to search for means and methods of economizing on the consumption of raw and other materials, and at least partially direct the funds being utilized for this toward its own modernization investments.

Enterprises and the System

Bednarek: Today, however, the situation is so difficult that every day, precisely because of the disorder prevailing in supply and because of the shortages, we are threatened with a halt in production. Investments will not help today. We need other activities, and most of all, order.

Rogoziewicz: We are still meeting with a position from the enterprises as a result of which they understand the principles of the three S's [self-government, self-dependence, self-financing] as follows (I am simplifying this considerably): "We will produce and sell our products at a fair price to the people who need them the most, but you must ensure us a supply of materials, energy, and raw materials." Independent sale, yes, but supply by the center. At the same time, the producer of the materials is also independent. It is necessary to come to terms with this, conclude contracts for delivery, and not look for support in an order or a central distribution list, which has been fought at other times.

Hausner: What director Bednarek says, however, reflects a phenomenon that is universal today, resulting from the state of the branches producing materials for the rest of industry. Let us take the metal casting industry as an example. The state of this branch is such that it will not be able to resolve its problems by itself, but if it does not do this, there will be problems at tens or hundreds of plants. These very matters must be decided by the center with the aid of the instruments available to it.

Skowronek: We have in our group a representative of a plant that does not use these heavy castings and forgings. The PZO [Polish Optical Plant] is a plant that is outstanding in economizing on materials. It has already been investing for 15 years now, however, and it cannot complete its investments. This is one more example of mistakes in this sphere--we are not

investing where it is possible to obtain large and valuable production from a small amount of materials.

Kasowski: We are not the ones who make the investments, Professor. The investor is the Industrial Optics Center in Budowa. There is even an entire staff of administrative workers there who oversee the progress of this construction.

Skowronek: I'm sorry, but I thought that you were the ones making the investments, since I had not heard of any producers of optical equipment in Poland besides you.

Kasowski: The work force also thought so. We spoke out several times on this matter, even to the premier himself. A commission was constituted, but so far nothing has changed. Let's drop this, however; I have hopes that reason will triumph, together with the reform.

We have a pessimistic view of the possibility of obtaining a 40 percent increase in production. Unless something changes, the economic and financial system and the various improvements to it, which are actually discouraging an increase in production at present, will stand in the way.

A regulation has been implemented, for example, that if employment is reduced by 5 percent, it is possible to reduce FAZ [Vocational Activation Fund] liabilities by 5 percent, and to increase the average wage without tax by 5 percent. It has just not been stated that it is possible to do this while maintaining the level of production.

Hausner: The enterprises are suggesting increasing this to 10 percent.

Kasowski: That will be even worse, since, in an extreme case, it is now possible, for example, to reduce production by 10 percent, reduce employment by 5 percent, and increase the average wage for free. The corrections implemented beginning with the second half of the year are not changing very much in this mechanism.

Skowronek: Let's add that an increase in production is still calculated in terms of the value of the sale, and thus there is no assurance that it is a real increase, given the present situation in price formation. I am trying to figure out where this standard came from again, since it was decided to set it aside. This is after all the unfortunate standard that led to the excessive materials-intensiveness of production. Furthermore, it is contrary to the principles of the reform.

Kasowski: We performed a cost analysis at the plant. We could reduce costs considerably by giving up co-production. The cost of co-production elements is as a rule 30 or 40 or even 100 percent greater in relation to the cost that we would incur by producing them ourselves. But if we withdraw from co-production this will increase our labor-intensiveness. If we do not increase employment, this will cause a decline in the value of the production.

The results will be greater, but the value of the production will fall. It will also not be possible to reduce employment, for which a reduction in FAZ liabilities is received.

I can obviously try to increase production by 5 percent, for example, and have an additional profit from this. But here I fall into a specific category of profitability, and an income tax is imposed on me. If I have a profitable export and profitable domestic production, the profitability reaches 30 percent of the income tax, and the wages, 80 percent. What I have left over is not enough for even a 1 percent increase in wages. In other words, the work force does not have much benefit from an increase in production. So what is there left for me to do?

Hausner: Won't the latest decisions by the KGRM [Main Committee of the Council of Ministers] have a favorable effect on changing this situation?

Kasowski: They will have an effect, but a slight one.

Hausner: But won't a reduction in the materials-intensiveness of production increase profit rates?

Kasowski: It will increase them, but the work force will not have much of this after it passes through the tax mill. I will give you a concrete example. If I reduce material costs at my plant by 10 percent, I earn 70 million zlotys in savings. I will pay an 80 percent tax out of this, since that is my profitability bracket. I will thus have 14 million zlotys left. Out of this I have to meet my FAZ liabilities, and I can allocate the rest for wages. This amounts to about 4.5 million zlotys. As I distribute this I will increase wages by 1 percent at most, and the work force will not notice this at all. Thus, if we really want people to be interested in conserving materials, there has to be a direct connection between the results of economizing and wages. Otherwise, nothing will come of this.

Hausner: But after all, you can set aside a special fund from which you will provide a bonus for these savings.

Skowronek: That will not be effective. The worker has to see a direct relationship between the profit earned by his plant and the increase in his wages. He has to know that if profits are increased by 50 million zlotys, let's say, half of this will go for taxes and the rest will remain to be divided: for wages, for development, and for other things. The taxation should thus be linear, and not progressive. With a progression, the director never knows in advance which profitability bracket he will fall into, and he is unable to explain to the work force what sort of distribution there will be.

Kasowski: This is precisely the question. I have to be able to tell the work force: listen, if a worker saves 1,000 zlotys in materials, 250 zlotys out of this thousand will go into his pocket.

Rogoziewicz: This is the whole thing. We have to economize in the work-places. It is possible to have a good economy program worked out by the center; it is possible to bring this program to the enterprises after that; but if we do not have this simple connection between the amount of the savings and the amount of money in one's pocket, we will not obtain any results. In East Germany, for example, they use just such a principle, with the norms for the consumption of materials being corrected in parallel with this. The correction, however, does not cancel out what the worker has earned. In awarding bonuses for economizing on materials in comparison with the existing standards, 25 percent of the value of the materials saved is allocated for the work force. Obtaining a savings above the planned amount also allows a plant to allocate 15 percent of the value of these materials and as much as 40 percent of the value of the fuel and energy saved for social and cultural activities. All of the regulations and rules for awarding bonuses for improving the utilization of raw and other materials and energy factors are worked out in a clear and intelligible manner. They also provide for rapid payment of a bonus for the results obtained. I think that to a considerable extent this is the reason for the fact that in recent years East Germany has obtained a major increase in overall production, virtually without an increase in the level of the consumption of fuel and energy. In other words, the absolute increase in the consumption of fuels and energy in East German industry is zero.

The mechanisms that have been instituted in Poland by the reform are making it possible for enterprises to take similar action.

Skowronek: Corrections in this mechanism are necessary, however, since it is true that a director can and should allocate funds for direct rewards for material savings, ones that are in the proper proportion to the amount of the savings. There is a certain obstacle here, however--he cannot establish this earlier, as he should, during the stage of planning the cost reduction, since it can turn out that he has promised the workers one thing but he can [only] give them something else. If the tax increased in a linear manner, there would be rules allowing everything to be understood and calculated. At the same time, there are two extra-systemic elements that also apply, breaking up this integrated profit, which is clear to everyone and very effective. We also have incentives for exports and for increased production. In view of this, this third profit--a poor relation--on account of economizing on materials, loses significance. It is thus a question of the enterprise's being able to deal with an integrated amount of profit and being able to distribute this profit. In a typical Polish plant, a 1 percent savings in material costs corresponds to a 3 percent increase in the wage fund. This is the ratio of costs.

Hausner: The ratio for the entire Polish economy. Material costs are in fact 60 percent of the total, while the labor cost is only 19 percent. It is thus quite clear where the reserves lie.

Skowronek: Thus, if we want to think seriously about how to have the system stimulate economy, we have to get away from the tax progression that prevents

simple calculation of the effectiveness of economy measures and obscures their consequences in the eyes of the work forces. But the results of conservation can be enumerated, even with consumption norms that are not completely perfected and the imperfect cost accounting that we are using.

Kasowski: If you will permit me, I would like to go back to my own bailiwick, since I can see that what I said stirred up a small storm. At our plant, where there is virtually no supply barrier and production is labor-intensive, an increase in production is limited by employment. Lowering the costs of materials is often even pointless, in view of our costs. In the end we earn as much by exporting two of our microscopes as the FS0 does for one Fiat 125P, only the microscopes weigh 30 kilograms, and the Fiat weighs a ton. Obviously we can economize on materials, but we are faced with the metallurgical minimum, and also the quality and precision of the metallurgical production. For example, we need 50 kilograms of high-quality glass, and the works sells it in 600-kilogram portions, since that is what its melt is like; and it writes that it will not sell less.

Skowronek: Are they still writing that? They should write that they will willingly give you those 50 kilograms, but at a higher price.

Kasowski: At a higher price, yes, but it costs just as much more as it would for the entire 600 kilograms. And this has its consequences. We are scrapping glass worth millions of zlotys, that hangs around for years. Who is the loser here? Certainly we all are.

Bednarek: The situation in the PZO is diametrically different from the one at our place, at Novotko. At the PZO there is little materials-intensiveness and a high labor-intensiveness; at our plant both of these factors are equivalent. For a long time now we have been observing progress in the area of reducing materials-intensiveness, a progress caused by technological and economic factors. For example, we have always directed our financial resources toward technical progress. I can thus state that in recent years a great deal has been done on this subject, although with differing results. Taking this into account, an answer to the question of whether it is possible to reduce materials-intensiveness by 40 percent during the next 8 years cannot be unequivocal.

Rogoziewicz: I also want to explain that we are dividing the planning period up to the year 1990 into two stages. In the first stage, which covers the 3 years up to 1985, we are planning a 15 percent increase in production with a 9 percent increase in the supply of raw and other materials. The conditions for the second stage have already been presented here.

Skowronek: It is a question of lowering material costs by 1.5 to 2 percent each year. For example, if we were to calculate the weight of our engines and compare it to the foreign exchange earned per kilogram, would we obtain only as much foreign exchange for 1 kilogram as we did 10 years ago? In view of inflation, the answer is clear....

Bednarek: The weight of the engine produced by us has not changed at all, since the finished engine has to weigh as much as the designer intended. Otherwise the amount of raw material consumed in the construction of an engine would previously have been greater.

Hausner: I suspect that Director Siczynski from Hydomat is summing up the exchange of views thus far by the two gentlemen from industry. How does your firm view these problems?

Siczynski: First a few words about what Hydomat is. It is a plant producing machines for the plastic forming of metal, and equipment for these machines--in short, complete production flow-lines consisting of machine tools and instruments, operating in accordance with technologies that are economical with materials.

Is it possible to have a 40 percent increase in production with a 19 percent increase in deliveries of materials? At our plant the situation appears to be as follows. In 1982 our production is increasing by 15 percent in comparison with last year; on the other hand, the index of the share of material costs fell from 38 percent in 1981 to 20 percent this year. But this has occurred simply as a result of changes in the structure of production, not due to technical or organizational innovations. The situation is such that in the presses group the share of material costs is 38 percent, while on the other hand it is 1 or 2 percent in the tool group.

Large and Small Structure

Skowronek: Thus a change in the structure of production is beneficial from the material and societal point of view.

Siczynski: As you can see, this change was caused by a reduction in the number of presses manufactured, and by an increase in the production of dies. Going farther along this road, we could fit within the planned indices in the next few years, but we would be producing dies that could never be used, since there would not be any presses for them.

Hausner: This is a classical example of this kind: the production of rolling stock, or spare parts for the existing machines.

Skowronek: We have to think about how many presses are standing idle because of a lack of dies. If 46 percent of the trucks and buses are standing idle, and at the same time new vehicles are being produced, this is undoubtedly a great waste from the economic point of view. After all, the materials consumed for the finished vehicles could have been allocated for spare parts with greater benefit.

Siczynski: Let us return to Hydomat. The change in the structure of production about which I spoke is not entirely in the interest of the plant from the point of view of the economic results. The labor-intensiveness of a die is comparatively greater than the labor-intensiveness of a press.

In short, it is more profitable for us to produce machines than dies. In addition, we are faced with a problem that we have not previously encountered--a shortage of material for the dies. The metallurgical industry has simply stopped producing certain types of tool steel. We therefore have to change not only the assortment; we have to examine a lot of export contracts. Ultimately, however, we have to produce both presses and tools, in accordance with the current supply.

The fact that our production undergoes such changes is influenced by the domestic customers for our machines. This year 80 percent of them have withdrawn their orders for finished production lines. What is the reason for this? We traveled around Poland and investigated the situation on the spot. At many plants the management is not able to determine its development capabilities. They also tell us, "Gentlemen, maybe I could find the money, but this device uses strips for production, and there aren't any and there is no guarantee that the metallurgical plant will deliver them to me."

Skowronek: Do they buy machine tools for chip machining and universal presses?

Siczynski: First an inventory begins of the plant machinery that already exists. Today people have a different view of machines and equipment that are already installed than they did previously.

Hausner: And they will be viewed in an even different way if there is a reduction in prices for them.

Siczynski: In general, people are investigating to see whether the two or three universal presses that they already possess could work in place of one Hydomat, although it is known that they will certainly not be able to replace it. They have the advantage, however, that they exist and they do not have to use strips. Attempts are thus being made to survive a period of uncertainty.

Skowronek: You have been working for a long time in the machine tool industry. And so can you answer this question: has the branch of machines for plastic forming and chipless machining, which thus ensure the best utilization of the material, been preferred in Poland in recent years?

Siczynski: The preferences were theoretical, and in practice it has been different; in general, there has been a marked regression. Progress has been observed only in a few subsectors, for example in the automotive industry, presses at the FSO and FSM; in the agricultural machinery industry, the Jawor forge; and in a few subsectors producing household articles.

Skowronek: But the progress resulted from importing technology, complete production lines, and not from using your machine tools.

Siczynski: Director Bednarek mentioned the problem of forgings. We have been able to build several forges in Poland, without a license, without

imports, with domestic resources. Only "maxi" presses have been lacking. A battle has been going on over this subject since 1972. The beautiful Poreba plant is standing idle, with assembly positions next to presses, but no documentation for them. There were drafts and proposals of various sorts, but it ended with these. There are no "maxi" forges making it possible to produce precision forgings.

Skowronek: There is a lack of precision presses making it possible to manufacture forgings with small tolerances for machining.

Siczynski: The designer and the production engineer have limited possibilities. If a rod is needed with a diameter of 32 millimeters, there aren't any, just 35 millimeters. If an 80 millimeter sheet is needed, there aren't any, just 100 millimeters. After this come labor-intensiveness, and an excessive consumption of materials, chips, and energy. Finally, there is the fact that one cannot go to a huge warehouse, like everywhere else in the world, and select what one really needs. There is no possibility of selecting the material in accordance with what the technology provides for.

We have purchased licenses of various sorts, for example for the production of light section castings, and thus lighter ones, and how does it turn out? The manufacture in Poland of a large machine casting with a 10 millimeter wall thickness is virtually impossible.

In castings from nonferrous metals there has not been any progress; for example in casting from bronze, which there is a lot of in our machines, sand casting continues to be used. Pressure or centrifugal castings are only used in a few of our factories. For years industry has been calling out loudly: why provide bushings 10 to 12 millimeters thick if it is possible to do this more elegantly by the method of filling, more quickly, more simply, and more cheaply? Polish filling electrodes are not the best, however, and the designers do not want to use them.

Finally, there is a disgraceful thing--the matter of the so-called standardized machine elements: screws, nuts, washers, etc. Has anyone figured out how much material is wasted in the form of chips as a result of the fact that plants have to manufacture these standardized machine elements for themselves? And today every order to the central office for these elements is confirmed for 10, 20, or at most 30 percent. We have to make the rest ourselves.

Skowronek: This is seven times more expensive than having it done by a specialized producer.

Bednarek: I recently received a proposal from Metalzbyt in Bytom to import screws.

Siczynski: Production is coming to a stop. There are various suggestions. The work force says, "If they don't want to buy our presses, maybe we should shift to manufacturing forks and cultivators." In Poznan, at the coordination bureau for the production of agricultural machinery, they tell us,

"Don't stick your noses into this; we have statistics showing that the experienced plants of the agricultural machinery branch can make more machines, but they don't have anything to make them with." So why switch over to this production? In my opinion, this reminds me of the famous appeal to the directors to set up on-site factory pigpens so that they will have pigs.

If we want to achieve real material savings, labor productivity, and management efficiency, everyone should do what he is familiar with. We are therefore opposing all suggestions of changing our specialization. We think that the situation, as it is at this time, is transitional in nature. We are trying not to lose track of the latest technical achievements, and we are preparing to modernize our machines.

Hausner: Director Siczynski is correctly defending the thesis that it would be pointless today to carry out a radical change in the structure of production just because the market for tools and machines is temporarily weaker.

Siczynski: In order to survive the crisis, our plant is building a group of machines of our own production, and taking orders for the manufacture of concrete elements, for example bottle caps. This is an initiative arising from the given situation.

There Is No Golden Mean

Kukielski: I would like to dwell on the question of the possibility of a more intensive reconstruction of the structure of the national economy from the point of view of a reduced materials- and labor-intensiveness. The investments from the 1970's will undoubtedly still leave their mark on the economy. There is not much of a possibility of maneuvering. The technical barrier existing "at the entrance" in the supplying of production is and will be a significant element. The directors present here represent producers of finished products that make use of co-production. It is important to them to receive materials of good quality; they are interested in having the machining be as little labor-intensive and as cheap as possible, in order for the tolerances to be as small as possible. Will the co-producers be able to pass the technological barrier, even with conservation encouraged by financial and economic mechanisms, rationalization, and technical progress? I do not think so.

At some of our plants we have a situation that can be compared with a home that has been cluttered up without rhyme or reason, often with furniture bought for a reserve supply. We are thus naturally not thinking about what else to buy; we are only going to work on arranging the apartment in such a way that we will get the maximum use from the furniture. Most of the licenses that have been purchased are based on being supplied with materials through imports. We should direct our interest toward domestic materials and those imported from the socialist countries, and make up our minds to sort out the directions we have chosen. Scattering our efforts may not yield the anticipated results. We have to think about whether we can still afford to continue certain production processes.

There are reserves. One example is the production of electric steel. Investments have been carried out of the type of the Nowotko or Zawiercie metallurgical plants, where today the reserves in the production potential for electric steel are on the order of 400,000 tons. Why aren't they used? Among other things, because these investments have not been dealt with in a comprehensive manner, e.g. oxygen has not been provided. We have to look at these reserves from the point of view of co-production ties, and we have to begin somewhere to put all of this in order. If we advance along a united front, giving everyone a small amount in relation to his needs, we will not restore the disrupted co-production ties.

It is said that in the 1970's the technocrats ruled the Polish economy. Today, on the other hand, the economists have taken the helm in their hands. In my opinion, the error lies in the fact that at the source, in the system for training personnel, too little economic knowledge is given to the engineers, and too little technical knowledge to the economists. The programs of instruction are not sufficient in this respect.

One could simply state that a program for improving the efficiency of management in the sense of the efficient utilization of materials is a program for reforming the entire economy, since this is a measure that determines how a given economic organism will operate.

Skowronek: The discussion is many-sided, just as the problem is many-sided and cannot be reduced to a golden mean.

Hausner: There is no golden mean. But there is no doubt that economic development based on a very high index for the consumption of materials can no longer be duplicated, and that activities likewise have to take place at the center, which must create the conditions for reducing the consumption of materials, just as at every enterprise. This has to be the sum of many steps, and frequently small ones. The question of workers' inventiveness is an important one, which is now subject to ordered and simplified regulations, just like the utilization of all of the mechanisms of the reform, together with the correction of those which have proven in practice to be ineffective or not strong enough. Today we are already feeling the need to make these corrections and create a system that is intelligible to the worker: a material savings is an increase in his income.

Rogoziewicz: Versions of the draft NPSG [National Socioeconomic Plan] up to the year 1985 and assumptions for the years 1986-1990 have been forwarded by the center for broad social discussion and professional consultation.

Our meeting today, which was to some extent organized within the framework of this activity, should permit more insight into the problems of supplying the manufacturing industry with fuels, and raw and other materials, now and in the future.

It should be of assistance in undertaking concrete actions both in enterprises and at the center, aimed at a gradual but effective liquidation of excessive materials- and energy-intensiveness in our economy.

We should enrich our experience in the direction of better utilization of the mechanisms of the economic reform, and improve our knowledge of how to act in the area of tax and credit policy, and how to create and utilize incentive funds in order to reduce the high level of the unit consumption of materials in production, and how to reduce the unjustifiable level of energy-intensiveness.

Skowronek: The problem of reducing materials-intensiveness cannot be settled "from the side," so to speak. It has to be incorporated into the entire development policy and the mechanism for its operation. One cannot make a division: this is production, this is exports, this is savings. This is a complex set of problems. Of the three basic factors, fixed assets, employment, and materials, the basic problem for the 1980's is still materials and energy, however.

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CSO: 2600/14

SPECIAL CURRENCY EXCHANGE RATE TABLES PUBLISHED

Exchange Rate Table 42/82

Warsaw TRYBUNA LUDU in Polish 14 Oct 82 p 7

[Text] I. Announcement of Exchange Rates Table No 42/82, effective 12 October 1982, by Stanislaw Majewski, Polish National Bank on 12 October 1982.

II. Foreign-Currency Exchange Rates in zlotys for countries of the Second Payments Area [Capitalist Countries]

Country	Curr Symb	Currency	Foreign Exchange		Money		Average
			Purchase 4	Sales 5	Purchase 1	Sales 2	
Finland	780	1 Markka	16.08	16.24	15.84	16.48	16.16
Sweden	708	1 Kroner	11.92	12.04	11.74	12.22	11.98

Exchange Rate Table 43/82

Warsaw TRYBUNA LUDU in Polish 18 Oct 82 p 7

[Text] Announcement of Exchange Rates Table No 43/82, effective 18 October 1982, by Stanislaw Majewski, president, Polish National Bank, on 18 October 1982.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments remain unchanged.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,695.01 zlotys per 100 rubles is applied.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries]

[Table on following page]

Exchange Rates Table No 43/82

Country	Curr Symb	Currency	Foreign Exchange		Money		Average
			Purchase	Sales	Purchase	Sales	
			4	5	1	2	6
Saudi Arabia	771	1 rial***	25.07	25.33	--	--	25.20
Australia	781	1 Aust. dollar	81.97	82.79	80.73	84.03	82.38
Austria	786	100 schillings	490.96	495.90	483.56	503.30	493.43
Belgium	791	100 francs	178.01	179.79	175.32	182.48	178.90
Denmark	792	1 kroner	9.80	9.90	9.65	10.05	9.85
Finland	780	1 markka	15.90	16.06	15.66	16.30	15.98
France	793	1 franc	12.21	12.33	12.02	12.52	12.27
Greece	724	100 drachmas	121.79	123.01	105.56	124.85	122.40
Spain	785	100 pesetas	76.27	77.03	75.12	78.18	76.65
Holland	794	1 florin	31.61	31.93	31.13	32.41	31.77
India	543	100 rupees***	897.22	906.24	--	--	901.73
Ireland	782	1 pound***	117.65	118.83	--	--	118.24
Japan	784	100 yen	32.71	33.03	32.21	33.53	32.87
Yugoslavia	718	100 dinars	146.41	147.89	126.90	150.09	147.15
Canada	788	1 Canad. dollar	70.30	71.00	69.24	72.06	70.65
Kuwait	770	1 dinar***	295.99	298.97	--	--	297.48
Lebanon	752	1 pound	16.62	16.78	16.37	17.03	16.70
Libya	651	1 dinar***	290.90	293.82	--	--	292.36
Luxembourg	790	100 francs	178.01	179.79	175.32	182.48	178.90
Norway	796	1 kroner	11.96	12.08	11.78	12.26	12.02
Portugal	779	100 escudos	97.59	98.57	84.59	100.04	98.08
FRG	795	1 mark	34.54	34.88	34.02	35.40	34.71
United States	787	1 dollar*	86.23	87.09	84.93	88.39	86.66
Switzerland	797	1 franc	40.53	40.93	39.92	41.54	40.73
Sweden	798	1 kroner	11.80	11.92	11.62	12.10	11.86
Turkey	627	100 pounds	53.45	53.99	46.33	54.79	53.72
Great Britain	789	1 pound**	148.24	149.72	146.00	151.96	148.98
Italy	799	100 lira	6.07	6.13	5.26	6.22	6.10

* Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Turkey.

** Valid also in clearing accounts with the following countries: Nepal and Pakistan.

***The Polish National Bank does not purchase money in these currencies.

CSO: 2600/44

REPAIRS, SPARE PARTS SUPPLY IN JIU VALLEY MINES DECREE

Bucharest BULETINUL OFICIAL in Romanian Part I No 76, 4 Sep 82 pp 1-3

[Council of State Decree No 310 on Measures To Improve Repair Activity and Supply Spare Parts for Mining Equipment Supplied to the Units of the Valea Jiului Mining Combine]

[Text] The Council of State of the Socialist Republic of Romania decrees:

Article 1. Established on 1 September 1982 is the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment, with headquarters in the Petrosani Municipality, Hunedoara County, under the Valea Jiului-Petrosani Mining Combine, under the guidance and control of the Ministry of Mines, whose purpose of activity is: repair and maintenance of installations, electrotechnical equipment and mining and preparation equipment; the manufacture of metal products and spare parts to repair flameproof electrical equipment; in collaboration with the specialized units of the Ministry of the Machine Tool, Electrotechnical and Electronics Industry and with units for scientific research and technological engineering specializing in products for mining operations in the zone, building models and prototypes for equipment in the special construction of electrical safety with a view to assimilating their manufacture in the units of the Ministry of the Machine Tool, Electrotechnical and Electronics Industry; the manufacture of hydraulic props and accessories; carrying out installation jobs in mining operations for relay protection, automation and measurement; checking and repairing measuring and control apparatuses for the equipment for which it has authorization; doing investment projects under state supervision; technical assistance for assembly and disassembly of equipment to be repaired; providing of services.

The Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment is established by merging the Petrosani Enterprise for Repairs and Maintenance of Mining Equipment, under the Valea Jiului Mining Combine, and the Petrosani Enterprise for Electrotechnical Products, under the Bucharest Industrial Central for Telecommunications and Automation Equipment, which is under the Ministry of Machine Tool, Electrotechnical and Electronics Industry.

Article 2. The Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment is organized and operates on the basis of worker self-leadership and economic-financial self-management, is a legal personality, in

conformity with legal standards for the organization and leadership of socialist state units and specific organizational standards approved for the extraction industry by Decree No 162/1973.

Article 3. The Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment is in degree I of organization and group III of branches and level A of piece wages and A level oncosts for the network of machine construction is to be used in accordance with the Law on Salaries According to the Quantity and Quality of Work No 57/1974 for paying workers.

Article 4. Technical-economic indicator limits are approved for the investment projects of the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment, Hunedoara County as provided in Appendix 1*, resulting from a reconsideration of the technical-economic documents approved by Appendix 8 to Decree 202/1981 and Appendix 54 to Decree 405/1979 for Investment Projects of the Petrosani Enterprise for Spare Parts and Repair of Mining Equipment, Hunedoara and the Petrosani Electrotechnical Products Enterprise.

Article 5. The Ministry of Mines is to draw up and approve by 30 November 1982 the draft execution of the purpose of the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment, Hunedoara County on the basis of advisement by the financing investment bank, fitting into the technical-economic indicators provided in Appendix 1.

The general estimate for the draft execution is to include the costs belonging to the investment projects of the Petrosani Enterprise for Electrotechnical Products and the Petrosani Enterprise for Spare Parts and Repair of Mining Equipment, Hunedoara County as well as those needed to fulfill the limiting technical-economic indicators as provided in Appendix 1.

The projects provided for the projects mentioned in the preceding paragraph are to continue on the basis of existing documents and through the same general contractors as provided in the investment plans until the draft execution is approved.

Article 6. The technical-economic documents and contracts concluded by the Bucharest Industrial Central for Telecommunications and Automation Equipment to achieve the investment goals of the Petrosani Enterprise for Electrotechnical Products, on the basis of protocol, move from the Bucharest Industrial Central for Telecommunications and Automation Equipment to the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment.

Article 7. The economic and financial plan indicators forecast for the 1981-1985 five-year plan for the Petrosani Enterprise for Electrotechnical Products are to be fulfilled in continuation by the Ministry of the Machine Tool, Electrotechnical and Electronics Industry through the units under the Bucharest Industrial Central for Telecommunications and Automation Equipment.

* The appendix is being sent to the institutes concerned.

Article 8. The assets and liabilities established on the basis of the balance closed on 31 August 1982, together with the economic and financial plan indicators for 1982 and for the 1981-1985 five-year plan, as well as the economic contracts concluded belonging to the enterprise for repair and maintenance of mining equipment in Petrosani, on the basis of protocol pass on to the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment.

Article 9. The assets and liabilities of the Petrosani Enterprise for Electrotechnical Products, together with the 1982 plan indicators belonging to the investment activity as well as the attached economic contracts, on the basis of protocol pass on to the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment.

Article 10. Worker personnel from the Petrosani Enterprise for Repair and Maintenance of Mining Equipment, the Petrosani Enterprise for Electrotechnical Products as well as the personnel employed for specialization or advanced skills in the units of the Bucharest Industrial Central for Telecommunications and Automation Equipment for the Petrosani Enterprise for Electrotechnical Products are transferred in the interest of their job to the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment.

Article 11. The personnel transferred in the interest of their jobs to jobs with lower pay levels, as a result of application of the provisions of this decree, benefit from the rights provided in Article 21 of Decree No 162/173 on Establishing of Unified Standards of Organization for Economic Units.

Article 12. Worker personnel in the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment benefit from coal allocations for household use under the same conditions as the worker personnel in the mining units belonging to the Valea Jiului Mining Combine.

Article 13. The State Planning Committee and the Ministry of Finance, within 30 days of the date of this decree, are to propose amendment to the economic-financial plan indicators approved for the single national plan for social-economic development as well as in the volume and structure of the 1982 state budget for the Ministry of Mines and the Ministry of Machine Tool, Electrotechnical and Electronics Industry.

The State Planning Committee is to supplement the investment capital in the Ministry of Machine Tool, Electrotechnical and Electronics Industry with a value of 197.6 million lei for the 1982-1984 period, made available in conformity with the provisions of this decree to supply the units under the Bucharest Industrial Central for Telecommunications and Automation Equipment, which are to take over the production tasks included in the 1981-1985 five-year plan for the Petrosani Enterprise for Electrotechnical Products.

Article 14. The production subunits existing in the Petrosani Enterprise for Repair and Maintenance of Mining Equipment keep their degrees of organization as approved.

The processing and mechanical repairs section in the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment fits into degree II of organization.

Article 15. The number of administrative personnel in the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment is to be at most 2.6 percent of the total worker personnel forecast for operation of the unit at its full capacity.

Article 16. Approval is given to supply a car to carry persons in the interest of their jobs for the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment, increasing the number established for the Ministry of Mines on the basis of Appendix 1 to Decree No 277/1979.

Article 17. The maximum number of motor vehicles established for the Ministry of Mines is increased by Decrees 277/1979 and 377/1979 by three motor vehicles for the transport of goods with a capacity of up to 1.5 tons and a car for service activity.

Article 18. Appendix 8a) to Decree 202/1981 on Certain Measures to Carry Out the Investments for the Petrosani Enterprise for Spare Parts and Repair of Mining Equipment, Hunedoara County, is amended in conformity with Appendix 2.*

Article 19. Appendix 2 to Council of Ministers Decision No 367/1973 on Measures To Reorganize Industrial Centrals and Units Assimilated by Them as Well as Certain State Enterprises, is amended in accordance with this decree.

Article 20. Goal 6014 A 17 of the Petrosani Enterprise for Spare Parts and Repair of Mining Equipment, Hunedoara County, from the 1982 investment plan as approved by Decree No 157/1982, is replaced by goal 6014 A 17 for the Petrosani Enterprise for Spare Parts and Repair of Electrotechnical Mining Equipment, Hunedoara County, and with the investment indicators as provided in Appendix 1.

Article 21. Appendices Nos 1 and 2 are an integral part of this decree.

Article 22. Decree No 185/1981, Article 6 of Decree No 33/1978, the appendix No 8 to Decree No 202/1981, Appendix 54 to Decree No 405/1979 and Appendix 8 to Council of Ministers Decision No 174/1981 are cancelled.

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CSO: 2700/2

* The appendix is being sent to the institutes concerned.

FOREIGN TRADE IN AGRICULTURAL-FOOD PRODUCTS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 28 Sep 82 p 3

[Article by M. Urosevic: "A High Price Paid for Improvement"]

[Text] An entire decade has passed since the 10th Congress of the LCY, at which it was proclaimed that "the fastest possible growth of food production in order to free the country of imports and for economically optimum exports" was proclaimed to be one of the most urgent tasks, but the goal that was set, judging by various "new" ideas and proclamations, have been left to oblivion.

Instead of an effort at all levels and in all organizations of associated labor of this complex, in economic chambers and general associations and business communities, but also in assemblies and agencies of sociopolitical communities, to achieve the goals of the 10th congress as soon as possible, the talk everywhere is about exporting food. The goal has even been launched of exporting \$2 billion worth of food by 1985, in which the fact that imports are more and more becoming the only chance for meeting the most elementary needs of the public is altogether neglected.

However, even assuming that this continues, the figures on exports of farm products and foodstuffs, including products of the food processing industry and other industries using fruit, vegetables, grapes, plums and tobacco as a raw material, indicate that this alleged goal of exporting \$2 billion worth of goods is megalomaniacal to say the least.

Figures of the Federal Bureau for Statistics published a few days ago furnish evidence that this is not just a bald assertion.

There is no doubt that from the standpoint of the country as a whole the relation between exports and imports, that is, the coverage of imports by exports and the negative difference that arises from that relationship, is the most important indicator. When one realizes that 79.10 dinars were exported for every 100 dinars of imports, as against 57.40 dinars a year ago, and that the negative difference has dropped from 17.3 billion to 7.2 billion dinars, or, converted to dollars, from \$413 million to \$172 million, then there are grounds for satisfaction in these oversimple terms.

Exports and Imports in the Period January-July 1982, in millions of dinars

<u>Economic Sectors</u>	<u>1981</u>			<u>1982</u>		
	<u>Export</u>	<u>Import</u>	<u>Difference</u>	<u>Export</u>	<u>Import</u>	<u>Difference</u>
Food manufacturing industry	10,830	16,239	- 5,409	15,397	9,103	+ 6,294
Beverages industry	1,912	81	+ 1,832	1,985	77	+ 1,908
Livestock feed industry	43	202	- 159	92	165	- 73
Tobacco manufacturing	2,707	288	+ 2,419	3,008	406	+ 2,602
Field crops	4,733	11,698	- 6,965	3,201	15,915	-12,714
Fruit growing	434	7,177	- 6,743	457	4,475	- 4,018
Grape growing	2	--	+ 2	--	--	--
Livestock raising	2,341	4,260	- 1,919	2,919	3,837	- 918
Fishing	257	579	- 322	214	470	- 256
Total, in millions of dinars	23,260	40,524	-17,264	24,273	34,448	- 7,175
In millions of dollars	556	969	- 413	652	824	- 172
Coverage of imports by exports		57.4			79.1	

But if one examines even superficially the kind of efforts and sacrifices this improvement required, it is not difficult to conclude that the price was too high. In practical terms, butcher shops are empty and the trend is toward constant deterioration. Even the young beef disappeared, since it was also sold to foreign customers at the price which they offered and without any sort of examination of economic optimality, called for in the resolution of the 10th LCY Congress; poultry meat is a virtual rarity, and other types of meat appear only from time to time in approximately satisfactory quantities or at prices which already exceed even above-average consumer "pockets."

The point of all this is not to make the case against exporting food. On the contrary, it must be exported, since through inclusion in the international division of labor this is a way of verifying our own productivity and economic efficiency, but at the same time we dare not forget the folksaying "Don't take to market what you need at home." Domestic needs can be met and exports increased even more through maximum utilization of natural capabilities, especially by planting every foot of ground, and that would also include those 800,000 hectares which are left in a state of neglect every year and by transforming the harvests of field crops into meat and milk, foodstuffs of the highest quality, by feeding and fattening livestock.

If this approach is not taken, if exports continue to be pushed at all costs and if domestic consumers are left without enough food, that is, if imports are resorted to to mitigate the shortages, as has been the case up to now, the country will become more and more dependent, and that is the last thing not only that one would wish, but also that can be tolerated.

HARVEST RESULTS IN KOSOVO

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 28 Sep 82 p 11

[Article by M. Delibasic: "Only the Vineyards Are Free of Problems"]

[Text] Kosovo farmers face a fairly large task these days. They have to harvest crops from more than 150,000 hectares and make the final preparations for fall planting. According to the assessment of agricultural experts, corn and sugar beets promise an average harvest, but vineyards and orchards a good one. Record yields are even envisaged for the latter crops, and it can be expected that the total balance of agricultural production, which was more than modest after white grains were harvested, will improve substantially.

Somewhat higher yields than in previous years are expected on the 94,000 hectares planted to corn, the field crop most widely represented in the province. It is estimated, that is, that about 240,000 tons of corn will be harvested from that area, which is more than last year, but still not enough to meet the needs of this province. It is certain that the entire potential for larger corn production in Kosovo has not been utilized. To be specific, little has been done to disseminate hybrids, which at present are planted on negligibly small areas.

A Smaller Sugar Beet Harvest Than in Previous Seasons

The digging of sugar beets and processing in the Pec Sugar Mill will also begin in a matter of days. But it is certain even now that the sugar beet harvest will be smaller than in previous seasons, and the mill in Pec--this has almost become traditional--will once again have problems with utilization of capacity this year, that is, with obtaining raw materials for processing. Although the plan called for 4,500 hectares to be planted to this industrial crop in the spring, only slightly more than half of that area was planted to sugar beets, so that the Pec sugar mill will be able to employ only half of its capacity in processing the anticipated 72,500 tons of this year's harvest.

Yet it can be confidently said that farmers in the province have not lost interest in this crop, and through better organization of work and coordination between the sugar mill and agricultural organizations and also with cooperators many of the problems could be effectively resolved. The way it is the burden of the lack of organization is being felt at present by the sugar mill

in Pec, which for years has been recording losses precisely because it has not been able to operate at full capacity.

The production of sunflower seeds in the province has also been stagnant in recent years. This spring 3,313 hectares were planted to this crop, which is about 1,500 hectares less than planned. The planting was especially short in the private sector, where only 30 percent of the planned area was planted, and the oil factory in Urosevac will have difficulty obtaining raw materials for processing. It has been calculated that about 7,000 tons of sunflower seed will be processed from this year's harvest, which, together with the 6,000 tons of rapeseed grown for oil, which is being raised more and more in this province, can employ 60 percent of the capacity of the mill in Urosevac.

Good Grape and Fruit Crop

In the Metohija region the final preparations are being made to begin the harvest of grapes and fruit. Agricultural organizations in Prizren, Djakovica, Orahovac, Pec and Suva Reka have declared a general mobilization in their collectives, since grapes have to be picked in the shortest possible time on 8,500 hectares of vineyards and fruit on 10,600 hectares of orchards. A sizable number of seasonal workers will be employed in the harvest, and as usual youth labor brigades and members of the Yugoslav People's Army will also come to help. The vineyards have borne well, the grapes are very sound and have a sugar content. In the wine cellars, which can take 8,120 cars of grapes, and that kind of harvest is expected this year according to predictions, everything is ready to receive the deliveries without hindrance.

The fruit growers in the province are also gratified with a good harvest, but at the same time they are concerned about marketing this year's output. That is, because the trade network in Kosovo is unorganized, producers are usually forced to deliver their fruit to customers outside the province, and then later apples and pears from large orchards in Djakovica and Urosevac have turned up in Kosovo stores, but at considerably higher prices. How to sell the 40,000 tons of fruit in this year's harvest is the basic problem preoccupying producers in the province at the present time. Unless this problem is solved quickly, Kosovo fruit growers cannot expect even adequate financial results in spite of the good harvest.

7045

CSO: 2800/15

AGRICULTURAL SHORTAGES IN KOSOVO

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 28 Sep 82 p 5

[Text] In Kosovo there is a shortage of the basic farm products and food-stuffs, above all flour, and then also a shortage of sugar and oil from time to time because of the higher demands in recent months. Nevertheless, the situation is most critical in the case of flour, since purchases of wheat in the province fell off, and the quantities contracted for from other regions of the country are arriving irregularly.

Only 30,000 tons of wheat have been purchased from this year's harvest, and by the end of this month 22,000 tons of flour had been milled from it. How little that is is best indicated by the datum that the province's need for flour is 170,000 tons and that in previous years Zitopromet in Pristina furnished 50 percent of those quantities. At present people in that work organization do not know how they will obtain the wheat to employ their milling capacity.

In the complex organization Trgovina Kosova plans call for contracting the purchase of 92,000 tons of flour with producers in Vojvodina and Serbia during the 1982/83 farming year. So far 50,000 tons have been contracted for, but deliveries are not regular because, as we were told, of various stipulations on the part of flour producers. To be sure, over the last month deliveries have stepped up somewhat, but there is still not enough to meet the needs of the province's market for this most important foodstuff originating in agriculture.

Nor has there been enough sugar in the stores in recent months, to some extent because of the increased demand, but also because producers have been waiting for new prices and have therefore, we were told in Trgovina Kosova, halted deliveries from time to time. The province's annual need for this product amounts to about 35,000 tons, and so far 15,000 tons have been contracted for. At the sugar mill in Pec, which markets most of its output through the trade network Agrokosovo, an output of about 10,000 tons is expected, so that about 10,000 tons more will have to be obtained from other sugar mills in the country.

For the same reasons there have been shortages of oil as well on the province's market from time to time, but in recent days the oil mill in Urosevac, which has been working two shifts, has increased deliveries, and supply has

stabilized somewhat. In addition, Trgovina Kosova has contracted for 3,500 tons of oil from mills in Vojvodina, so that more regular supply is expected in coming months.

As for canned fruits and vegetables the situation is considerably better, since Kosovo has no shortage of these farm products. Supply has especially improved after beginning of this year's processing season at the fruit and vegetable plant in Pristina.

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CSO: 2800/15

FALL PLANTING IN KOSOVO

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 8 Oct 82 p 12

[Text] The action program for the production of grain, industrial crops, vegetables and animal feeds in the 1982/83 farming year called for 278,550 hectares of arable land in the province to be planted: 29,730 hectares of this in the socialized sector and 248,820 hectares in the private sector. The plans called for fall planting on 117,900 hectares, or 42.33 percent of the total plowland. The socialized sector of agriculture will plant 17,910 hectares in the fall, and private farmers 99,990 hectares of their own land. Wheat, which is the most important fall crop, will take up the bulk of the area; its increase will be 17.3 percent over last year. Although plans call for planting wheat on about 15,000 hectares more than last year, it seems to be more important that the action program has especially emphasized the need to finally take steps that will make it possible to increase the yield of this most important grain per unit area.

In spite of the favorable natural and other conditions for raising wheat, for years now the average yields per hectare have not exceeded 2,500 kg in Kosovo, and that is considerably below the national average. That is certainly one reason, though not the only one, why planned purchases are not achieved because of the low output. This year, at least judging by what is being said on the eve of wheat planting at several meetings of those who are concerned about agriculture, a radical change of direction will be accomplished toward increasing yields in the socialized sector and also in the private sector.

It is assumed that with up-to-date soil and crop practices, which means greater use of quality seed, chemical fertilizers and machine planting on more than 50 percent of the area, the average yield per hectare can be raised about 600 kg, which next year would provide a harvest of 307,961 tons of wheat, which is 88,961 tons, or 32.5 percent, more than this year's harvest. That output would cover 78.6 percent of the province's total need, while the milling industry would employ 66.6 percent of its capacity instead of the present 30 percent with domestic wheat.

Better Organized Than Last Year

Agricultural producers in the province have not been without difficulties as they awaited this year's fall planting. The impression, however, is that

solutions to the various problems have been found much more effectively than in previous years. Until just recently it was not known whether foreign exchange would be furnished for the imported components to meet the needs of the fertilizer factory in Titova Mitrovica. Thanks to the involvement of the Bank of Kosovo, that issue has been resolved these past several days, so that the factory in Mitrovica, after a 2-month interruption of production, will resume operation and, it is expected, will furnish enough nitrogen-phosphorus-potassium fertilizers for the fall planting. At the same time a decision of the Kosovo Executive Council has raised the rebate for quality wheat seed from 3 to 5 dinars, so that plans call for planting at least 70 percent of the plowland with high-yield wheat varieties. Measures have also been taken concerning the purchase of machines, above all planters, which certainly will contribute to improved quality of performance of operations and to higher yields per unit area. There will be 500 new planters involved in the fall planting, which will make it possible to plant more than 50 percent of the area by machine.

And the Banks Are Willing To Provide a Portion of the Funds

Farmers will also have priority in the supply of fuel and lubricants according to a resolution adopted at the last meeting of the Executive Council of the Kosovo Assembly. In addition, INA [Zagreb Petroleum Industry] and Jugopetrol are already making efforts to furnish agricultural organizations 38,000 tons of petroleum on time for the fall planting.

Now that we are discussing the fall planting, the illiquidity of commercial banks is causing the greatest difficulties for farmers, since quite substantial resources are necessary for the credit financing of production and for conclusion of production contracts. At present this problem is still an open one, but the bankers are ready, we heard at the last meeting of the provincial staff for monitoring the fall planting, to provide at least a portion of the most necessary funds for this purpose in spite of their own difficulties.

All in all it can be said that on the eve of the fall planting the steps being taken in the province seem far better organized and better thought out than in previous years. Efforts like this are encouraging even though Kosovo farmers will still not be able to realize all the goals which have been set in the production of food for some time yet. However, the knowledge that overall behavior has to be changed in agricultural production, as indicated by the ever greater synchronization of efforts in this area between the agencies of the province, the economic chamber, the cooperative alliance, the Associated Bank of Kosovo and agricultural work organizations, is a guarantee that finally things will take a turn for the better for Kosovo farmers.

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